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February 20, 2008

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H.  
Director and Health Officer

SUBJECT: **NOTICE OF INTENT TO SUBMIT A CLAIM TO THE CALIFORNIA STATE GOVERNMENT CLAIMS BOARD FOR SERVICES RENDERED UNDER THE CHILDREN'S OUTREACH, ENROLLMENT, UTILIZATION AND RETENTION PROGRAM**

This is to inform you of the Department of Public Health's (DPH) intent to submit a claim to the State Government Claims Board in order to recover net County cost expenditures for the Outreach, Enrollment, Retention, and Utilization (OERU) Service agreements. These agreements were funded through a State of California grant that terminated without warning due to budget cuts.

Background

On December 19, 2006, your Board approved DPH's request to enter into an agreement with the California Department of Health Services (CDHS), which awarded the County of Los Angeles \$25.8 million in OERU funds. The OERU program provided funding to counties to increase the number of children enrolled in Medi-Cal and Healthy Families. The County's OERU allocation was \$6,140,508 for Fiscal Year (FY) 2006-07 and \$9,820,764 annually for FYs 2007-08 and 2008-09. Your Board also approved the selection of six (6) sole-source agencies to enter into agreements with DPH.

On March 13, 2007, your Board approved an additional 24 contracts with community-based agencies to provide OERU services. Following Board approval, the State approved these contractors and designated April 9, 2007 as the start date for contracted services.

In August 2007, the Governor signed the State budget, and line item vetoed OERU funding for FY 2007-08. The budget cut was unexpected. Counties were notified of the funding termination on August 24, 2007, two (2) months into FY 2007-08.

At its meeting of August 28, 2007, the Board approved termination of the County's OERU contracts with community providers, with 30-day notice, as required by the County agreements.

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The budget cut resulted in a loss of \$9.8 million dollars to DPH, and an expenditure of nearly \$1.9 million to cover administrative costs and reimburse contractors for services rendered July 1, 2007 through September 27, 2007.

Claim Filing Process

The County will attempt to recover all of the costs incurred July 1, 2007 through September 27, 2007, by submitting a claim to the State Government Claims Board. County Counsel is working with our staff to submit the claim by February 24, 2008.

If you have any questions, or require additional information, please let me know.

JEF:ag

c: Chief Executive Officer  
County Counsel  
Executive Officer, Board of Supervisors